

Assembly Bill No. 149—Committee on  
Government Affairs

CHAPTER.....

AN ACT relating to local government finance; authorizing a special district to petition the Department of Taxation for a conditional exemption from the requirement of providing for an annual audit under certain circumstances; excepting the receipt by a local government of certain revenue from the prohibition against the expenditure of any money or the incurrence of any liability by the local government in excess of the amounts appropriated for that function; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** NRS 354.475 is hereby amended to read as follows:

354.475 1. All special districts subject to the provisions of the Local Government Budget and Finance Act with annual total expenditures of less than \$200,000 may petition the Department of Taxation for exemption from the requirements of the Local Government Budget and Finance Act for the filing of certain budget documents and audit reports. Such districts may further petition to use a cash basis of accounting. ~~[The minimum required of such districts is the filing with the Department of Taxation of an annual budget on or before April 15 of each year and the filing of fiscal reports in accordance with NRS 354.6015. Such petitions]~~

*2. A special district subject to the provisions of the Local Government Budget and Finance Act with budgeted annual total expenditures of \$200,000 or more in a fiscal year that reasonably anticipates its actual annual total expenditures for that fiscal year will be less than \$200,000 may petition the Department of Taxation for a conditional exemption from the requirement of providing for an annual audit pursuant to NRS 354.624 for that fiscal year. If the actual annual total expenditures of the special district are \$200,000 or more, the special district shall provide for an annual audit for that fiscal year.*

*3. A petition filed with the Department of Taxation:*

*(a) Pursuant to subsection 1 must be received by the Department of Taxation on or before ~~[April 15]~~ March 1 to be effective for the succeeding fiscal year ~~[or, in a case of an annual audit exemption,]; or~~*

*(b) Pursuant to subsection 2 must be received by the Department of Taxation on or before March 1 to be effective for the current fiscal year.*

4. A board of county commissioners may request the Department of Taxation to audit the financial records of ~~such an exempt district.~~  
~~2. Such districts are] a special district that is exempt from the requirement of providing for an annual audit pursuant to this section.~~

5. *If a petition filed by a special district pursuant to subsection 1 is granted by the Department of Taxation:*

(a) *The minimum required of the special district is the filing with the Department of Taxation of an annual budget on or before April 15 of each year and the filing of fiscal reports in accordance with NRS 354.6015; and*

(b) *The special district is exempt from all publication requirements of the Local Government Budget and Finance Act, except that the Department of Taxation by regulation shall require an annual publication of a notice of budget adoption and filing.*

6. The Committee on Local Government Finance shall adopt regulations pursuant to NRS 354.594 which are necessary to carry out the purposes of this section.

~~3.] 7.~~ 7. The revenue recorded in accounts that are kept on a cash basis must consist of cash items.

~~4.] 8.~~ 8. As used in this section, "cash basis" means the system of accounting under which revenues are recorded only when received and expenditures or expenses are recorded only when paid.

**Sec. 2.** NRS 354.5945 is hereby amended to read as follows:

354.5945 1. Except as otherwise provided in subsection 6, on or before July 1 of each year, each local government shall prepare, on a form prescribed by the Department of Taxation for use by local governments, a capital improvement plan for the ensuing 5 fiscal years.

2. Each local government ~~must] shall~~ submit a copy of the capital improvement plan of the local government to the:

(a) Department of Taxation; and

(b) Debt management commission of the county in which the local government is located.

3. Each local government ~~must] shall~~ file a copy of the capital improvement plan of the local government for public record and inspection by the public in the offices of:

(a) The clerk or secretary of the governing body; and

(b) The county clerk.

4. The total amount of the expenditures contained in the capital improvement plan of the local government for the next ensuing fiscal year must equal the total amount of expenditures for capital outlay set forth in the final budget of the local government for each fund listed in that budget.

5. The capital improvement plan must reconcile the capital outlay in each fund in the final budget for the first year of the capital improvement plan to the final budget in the next ensuing fiscal year. The reconciliation must identify the minimum level of expenditure for items classified as capital assets in the final budget and the minimum level of expenditure for items classified as capital projects in the capital improvement plan. The reconciliation of capital outlay items in the capital improvement plan must be presented on forms created and distributed by the Department of Taxation.

6. Local governments that are exempt from the requirements of the Local Government Budget and Finance Act pursuant to *subsection 1 of* NRS 354.475 are not required to file a capital improvement plan.

**Sec. 3.** NRS 354.626 is hereby amended to read as follows:

354.626 1. No governing body or member thereof, officer, office, department or agency may, during any fiscal year, expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function, other than bond repayments, medium-term obligation repayments ~~and~~ and any other long-term contract expressly authorized by law. Any officer or employee of a local government who willfully violates NRS 354.470 to 354.626, inclusive, is guilty of a misdemeanor, and upon conviction thereof ceases to hold his office or employment. Prosecution for any violation of this section may be conducted by the Attorney General, or, in the case of incorporated cities, school districts or special districts, by the district attorney.

2. Without limiting the generality of the exceptions contained in subsection 1, the provisions of this section specifically do not apply to:

(a) Purchase of coverage and professional services directly related to a program of insurance which require an audit at the end of the term thereof.

(b) Long-term cooperative agreements as authorized by chapter 277 of NRS.

(c) Long-term contracts in connection with planning and zoning as authorized by NRS 278.010 to 278.630, inclusive.

(d) Long-term contracts for the purchase of utility service such as, but not limited to, heat, light, sewerage, power, water and telephone service.

(e) Contracts between a local government and an employee covering professional services to be performed within 24 months following the date of such contract or contracts entered into between local government employers and employee organizations.

(f) Contracts between a local government and any person for the construction or completion of public works, money for which has

been or will be provided by the proceeds of a sale of bonds, medium-term obligations or an installment-purchase agreement and that are entered into by the local government after:

(1) Any election required for the approval of the bonds or installment-purchase agreement has been held;

(2) Any approvals by any other governmental entity required to be obtained before the bonds, medium-term obligations or installment-purchase agreement can be issued have been obtained; and

(3) The ordinance or resolution that specifies each of the terms of the bonds, medium-term obligations or installment-purchase agreement, except those terms that are set forth in ~~paragraphs (a) to (e), inclusive, of~~ subsection 2 of NRS 350.165, has been adopted.

Neither the fund balance of a governmental fund nor the equity balance in any proprietary fund may be used unless appropriated in a manner provided by law.

(g) Contracts which are entered into by a local government and delivered to any person solely for the purpose of acquiring supplies, services and equipment necessarily ordered in the current fiscal year for use in an ensuing fiscal year ~~and~~ and which, under the method of accounting adopted by the local government, will be charged against an appropriation of a subsequent fiscal year. Purchase orders evidencing such contracts are public records available for inspection by any person on demand.

(h) Long-term contracts for the furnishing of television or FM radio broadcast translator signals as authorized by NRS 269.127.

(i) The receipt and proper expenditure of money received pursuant to a grant awarded by an agency of the Federal Government.

(j) The incurrence of obligations beyond the current fiscal year under a lease or contract for installment purchase which contains a provision that the obligation incurred thereby is extinguished by the failure of the governing body to appropriate money for the ensuing fiscal year for the payment of the amounts then due.

*(k) The receipt by a local government of increased revenue that:*

*(1) Was not anticipated in the preparation of the final budget of the local government; and*

*(2) Is required by statute to be remitted to another governmental entity.*

**Sec. 4.** This act becomes effective on July 1, 2003.